

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY-)	CASE NO.
AMERICAN WATER COMPANY FOR AN)	2018-00358
ADJUSTMENT OF RATES)	

COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION TO
KENTUCKY-AMERICAN WATER COMPANY

Kentucky-American Water Company (Kentucky-American), pursuant to 807 KAR 5:001, is to file with the Commission the original in paper medium and an electronic version of the following information. The information requested is due on or before April 15, 2019. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky-American shall make timely amendment to any prior response if it obtains information that indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

Kentucky-American fails or refuses to furnish all or part of the requested information; it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Kentucky-American shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Kentucky-American's Response to Commission Staff's Third Request for Information (Staff's Third Request), Item 2. Confirm that the ten-year slippage factor of 91.97 percent included both the recurring capital projects A-S expenditures and the budget projects.

2. Refer to Kentucky-American's Response to Staff's Third Request, Item 1.
 - a. Confirm that the ten-year average slippage factor for the budget projects for calendar years 2008 through 2017 is 68.19 percent as calculated in the attached Schedule 2.

- b. If the ten-year average slippage factor for the budget projects is not 68.19 percent, provide a corrected schedule that calculates the ten-year average slippage factor for the budget projects.

c. Provide a comparative analysis between Schedule 2 and the corrected schedule provided in Kentucky-American's response to Item 2.b above. Include a detailed explanation for any noted differences.

3. Kentucky-American's Response to Staff's Third Request, Item 6 calculates a ten-year slippage factor Capital Investment Management Committee (CIMC) of 97.69 percent.

a. Confirm that the ten-year average slippage factor for the CIMC Projects for calendar years 2008 through 2017 is 92.05 percent as calculated in the attached Schedule 3.

b. If the ten-year average slippage factor for the CIAC construction projects is not 92.05 percent, provide a schedule that calculates the correct ten-year average slippage factor for the CIAC Projects.

c. Provide a comparative analysis between Schedule 3 and the corrected schedule provided in Kentucky-American's response to Item 3.b above. Include a detailed explanation for any noted differences.

4. Refer to Kentucky-American's Response to Staff's Third Request, Item 6 and to the response to Item 2 above.

a. Confirm that the ten-year average slippage factor for the combined Budget Projects and the CIMC Projects for calendar years 2008 through 2017 is 81.45 percent as calculated in the attached Schedule 4.

b. If the ten-year average slippage factor for the combined Budget Projects and the CIMC Projects is not 81.45 percent, provide a schedule that calculates the correct ten-year average slippage factor.

c. Provide a comparative analysis between Schedule 4 and the corrected schedule provided in Kentucky-American's response to Item 4.b above. Include a detailed explanation for any noted differences.

5. a. Provide a revised response to Item 3 of the Commission Staff's Second Request for Information using the ten-year average slippage factor calculated of 81.45 percent for all monthly forecasted budget projects expenditures beginning September 1, 2018, through the end of the forecasted period, June 30, 2020.

b. Provide copies of all workpapers, state all assumptions, and show all calculations used to determine the effect of the slippage factors to each forecasted element of revenue requirement, rate base, and cost-of-service study.

6. Provide copies of all schedules, supporting calculations, and documentation requested in Items 2(b), 3(b), 4(b), and 5 above in Excel spreadsheet format, with formulas intact and unprotected, and all rows and columns fully accessible.



Gwen R. Pinson
Executive Director
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DATED MAR 27 2019

cc: Parties of Record

Average Ten-Year Slippage Factor for Budget Projects

Budget Projects					
Year	Annual Actual Cost	Annual Original Budget	Variance in Dollars	Variance as Percent	Slippage Factor
2008	\$ 2,690,389.93	\$ 8,565,709.00	\$ (5,875,319.07)	-68.59%	31.409%
2009	\$ 1,799,298.78	\$ 6,625,802.69	\$ (4,826,503.91)	-72.84%	27.156%
2010	\$ 4,897,655.82	\$ 9,267,221.70	\$ (4,369,565.88)	-47.15%	52.849%
2011	\$ 4,807,213.86	\$ 11,946,704.00	\$ (7,139,490.14)	-59.76%	40.239%
2012	\$ 10,784,290.00	\$ 12,486,481.00	\$ (1,702,191.00)	-13.63%	86.368%
2013	\$ 13,416,749.00	\$ 11,286,304.00	\$ 2,130,445.00	18.88%	118.876%
2014	\$ 4,502,703.00	\$ 6,508,099.00	\$ (2,005,396.00)	-30.81%	69.186%
2015	\$ 12,816,702.00	\$ 15,614,020.00	\$ (2,797,318.00)	-17.92%	82.085%
2016	\$ 8,571,592.68	\$ 7,460,397.86	\$ 1,111,194.82	14.89%	114.895%
2017	\$ 4,701,415.07	\$ 7,995,885.00	\$ (3,294,469.93)	-41.20%	58.798%
Totals	\$ 68,988,010.14	\$ 97,756,624.25	\$ (28,768,614.11)	-29.43%	70.571%

10-Year Average Slippage

68.186%

Average Ten-Year Slippage Factor for CIMC Projects

CIMC Construction Projects					
Year	Actual Project Cost	Cost Approved by CIMC	Variance in Dollars	Variance as Percent	Slippage Factor
2008	\$ 17,985,586.84	\$ 17,024,299.00	\$ 961,287.84	5.65%	105.647%
2009	\$ 6,646,971.48	\$ 6,255,918.00	\$ 391,053.48	6.25%	106.251%
2010	\$ 10,704,036.10	\$ 10,937,360.00	\$ (233,323.90)	-2.13%	97.867%
2011	\$ 7,986,287.32	\$ 9,324,971.00	\$ (1,338,683.68)	-14.36%	85.644%
2012	\$ 180,280,357.60	\$ 177,401,842.00	\$ 2,878,515.60	1.62%	101.623%
2013	\$ 184,721,680.00	\$ 183,984,768.00	\$ 736,912.00	0.40%	100.401%
2014	\$ 170,232,171.02	\$ 168,445,458.21	\$ 1,786,712.81	1.06%	101.061%
2015	\$ 25,257,409.25	\$ 26,246,568.64	\$ (989,159.39)	-3.77%	96.231%
2016	\$ 17,434,019.25	\$ 20,422,643.29	\$ (2,988,624.04)	-14.63%	85.366%
2017	\$ 10,942,326.22	\$ 27,109,194.00	\$ (16,166,867.78)	-59.64%	40.364%
Totals	\$ 632,190,845.08	\$ 647,153,022.14	\$ (14,962,177.06)	-2.31%	97.688%

10-Year Average Slippage

92.045%

Average Ten-Year Slippage Factor for Combined
Budget Projects and CIMC Projects

Combined Budget Projects and CIMC Construction Projects					
Year	Actual Project Cost	Cost Approved by CIMC & Original Budget	Variance in Dollars	Variance as Percent	Slippage Factor
2008	\$ 20,675,976.77	\$ 25,590,008.00	\$ (4,914,031.23)	-19.20%	80.797%
2009	\$ 8,446,270.26	\$ 12,881,720.69	\$ (4,435,450.43)	-34.43%	65.568%
2010	\$ 15,601,691.92	\$ 20,204,581.70	\$ (4,602,889.78)	-22.78%	77.219%
2011	\$ 12,793,501.18	\$ 21,271,675.00	\$ (8,478,173.82)	-39.86%	60.143%
2012	\$ 191,064,647.60	\$ 189,888,323.00	\$ 1,176,324.60	0.62%	100.619%
2013	\$ 198,138,429.00	\$ 195,271,072.00	\$ 2,867,357.00	1.47%	101.468%
2014	\$ 174,734,874.02	\$ 174,953,557.21	\$ (218,683.19)	-0.12%	99.875%
2015	\$ 38,074,111.25	\$ 41,860,588.64	\$ (3,786,477.39)	-9.05%	90.955%
2016	\$ 26,005,611.93	\$ 27,883,041.15	\$ (1,877,429.22)	-6.73%	93.267%
2017	\$ 15,643,741.29	\$ 35,105,079.00	\$ (19,461,337.71)	-55.44%	44.563%
Totals	\$ 701,178,855.22	\$ 744,909,646.39	\$ (43,730,791.17)	-5.87%	94.129%

10-Year Average Slippage

81.447%

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